

EMPLOYER ADVISORY COMMITTEE

MINUTES

December 14, 2000

DRS Members Present:

Dave Nelsen, Chairperson.

Additional DRS Staff Present:

Steve Nelsen, Legal/Legislative Services; Gayle McGee, Public Employee's Retirement System; Brian Berghoff, Employer Support Services; Jeff Wickman, Strategic Initiatives; Phil Jones, Employer Support Services; Mark Feldhausen, Administrative Services; Margaret Wimmer, Teachers' Retirement System.

Employer Members Present:

Bob Andrews, Kent School District; Tom Gaines, Washington School Information Processing Cooperative (WSIPC); John Goetz, Center for Information Services; Chandra Horan, Port of Seattle; Dorothy Kiest, Les Adams, and Kerry Schaefer, King County; Debbie Meach, Human Resources Information Systems Division (HRISD); Michelle Mortimer, City of Olympia; Nancy Savage, Pierce County; Sally Spangler, Washington State Patrol; Jean Yeager, Department of Agriculture.

Employer Members Not Present:

Joanne Amrine, Chehalis School District; Margo Anderson, Highline Community College; Mary Christle, Educational Service District; Nancy Finneson, Pierce County Library System; Brigitte Hoopes, City of Kent; Valerie Quinn, University of Washington; Reagan Ulrich, Chelan County PUD 01.

Agenda Items:

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| • Legislative Summary & Interim Issues
<i>Steve Nelsen</i> | • Discussion of Employer Satisfaction
Survey Results
<i>Dave Nelsen and Mark Feldhausen</i> |
| • PERS 3 Update
<i>Gayle McGee and Brian Berghoff</i> | • Set Schedule for Next Year
<i>Committee</i> |
| • SERS Update
<i>Jeff Wickman</i> | • Issues or Concerns
<i>Committee</i> |
| • Audit Program Update
<i>Phil Jones</i> | • Agenda Items for Next Meeting
<i>Committee</i> |

LEGISLATIVE SUMMARY & INTERIM ISSUES

Steve Nelsen updated the committee on some topics approved by the Joint Committee on Pension Policy (JCPP) for the upcoming legislative session. (Steve passed out a handout to the committee called "Summary of JCPP Topics in 2000".)

- **30-Year Cap**

The JCPP is recommending a proposal to temporarily lift the 30-year cap for active PERS 1 and TRS 1 members. All service credit earned in the next four years would be included in the retiree's retirement benefit calculation.

- **Post-Retirement Employment**

The JCPP recommended a proposal to simplify the TRS 1 retiree return-to-work limits by eliminating distinctions based on contractual status and job duties. The proposal also includes converting the five-month limit in retirement systems and plans into an 867-hour limit.

- **LEOFF 1 Medical Expenses**

The JCPP recommended a proposal to create a Long Term Care (LTC) Risk Pool and a LEOFF 1 Medical Account. The LTC Risk Pool would reimburse employers for long-term care expenses such as insurance deductibles and co-pays plus possible extraordinary costs. The LEOFF 1 Medical Account would only be used for LEOFF 1 medical expenses or premiums.

- **Housing Authority**

The JCPP recommended a proposal to exclude some employees of Housing Authorities from PERS membership.

During the 2001 session, the Department of Retirement will provide updates concerning pension legislation at the following web site address: <http://www.wa.gov/DRS/leg/index.htm>.

Please call Dave Nelsen at (360) 664-7163 or 1-800-547-6657 ext. 47163 or Steve Nelsen at (360) 664-7308 if you have any questions.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) 3 UPDATE

The following are some highlights of the PERS 3 update:

- The Record Keeper Request for Proposal (RFP) is now in negotiations and DRS will have the record keeper on board by January 2001.
- March 2002 is the Phase 1 implementation for state and higher education employers and September 2002 is the Phase 2 implementation for local government employers.
- New employees, within 90 days from the time they are hired, will choose Plan 2 or Plan 3.
- DRS is in the process of scheduling the second RFP for the transfer education.
- Business requirements sessions have been underway to obtain definitions.
- Workshops, financial modeling software, video etc. will be made available.
- In January, there will be PERS 3 information in the DRS Outlook and on the Internet for active members.
- At the end of January, an employer notice will be sent out.
- Record layout changes will be communicated in April 2001.

- DRS will give employers demonstrations on the e-form.
- The e-form target date is June 2001.

Some suggestions made by the committee are as follows:

- Put PERS 3 information on the web site for employers.
- Keep the video short.
- Instead of a video have a CD tutorial.
- On the annual statements, put which plan an employee is in.

SCHOOL EMPLOYEES' RETIREMENT SYSTEM (SERS) UPDATE

The following are some highlights of the SERS update:

- SERS was implemented September 1, 2000.
- A SERS member newsletter was recently sent out.
- DRS extended the contract with Educational Technologies Incorporated (ETI) to add an additional 150 workshops.
- New hires are mandated into SERS Plan 3.
- Employees who choose or are mandated into SERS Plan 3 have 90 days to select contribution rates and investment options.
- As of September 1, 2000, there are 4,904 employees in SERS Plan 3.
 - 2,458 employees chose to transfer as of December 8, 2000.
 - 2,446 employees were hired after September 1, 2000.

AUDIT PROGRAM UPDATE

Since March 2000, DRS has completed 140 PERS audits. There are currently four employer auditors and there is one more auditor position to fill. Some issues that the auditors have encountered are:

- Independent contractor (WAC 415-02-110 Independent Contractor vs. Employee)
- Monitoring part-time employees
- Use of third party employer to bring on staff

In the future, there will be a self-audit program available to employers.

DISCUSSION OF EMPLOYER SATISFACTION SURVEY RESULTS

A handout called "Employer Survey Results 1999 & 2000 Comparisons" was given to the committee to look over.

SET SCHEDULE FOR NEXT YEAR

The Year 2001 meetings will be held as follows:

- March 22, 2001
- June 28, 2001
- September 27, 2001
- December 6, 2001

ISSUES OR CONCERNS

The following were issues or concerns that were raised at the meeting:

- Raising the \$10,000 limit on the edit messages.
- Electronic edit messages.

- Send money electronically.
- Direct deposit payments instead of wire transfers.

The Next Meeting

The next EAC meeting is scheduled for March 22, 2001, from 9:30 a.m. to 3:30 p.m., at the DRS Point Plaza West building located at 6835 Capitol Boulevard in Tumwater. Please see the map to DRS on the EAC Web site for directions to the facility.

There Were No Proposed Agenda Items for March 22, 2001, Meeting

A confirmed agenda will be available on the Employer Advisory Committee Web site in early March 2001.

If any EAC member would like to change membership, please call Dave Nelsen at (360) 664-7163 or 1-800-547-6657 ext. 47163 or e-mail him at **daven@drs.wa.gov**.

Parking for the meetings

There are visitor's parking spaces located in front of the building. You may also park in any stall that is not marked for another agency such as DSHS or OFM.

Questions

If you have any questions, please contact Dave Nelsen at (360) 664-7163, 1-800-547-6657 ext. 47163 or by e-mail at **daven@drs.wa.gov**.